

# January CPI (Inflation) Hits a 40-Year High



\*Dates 12/31/1970 to 01/31/2022

\* CPI Index represented by the Consumer Price Index Year over Year Index

\* Core CPI Index represented by the Core Consumer Price Index Less Food and Energy Year over Year Index (a more conservative representation of inflation minus more volatile sectors)

- As discussed in [“The Lookout” for the Week of January 7th](#), higher than forecasted inflation (represented by the 7.5% CPI print for January) will likely weigh on equity market performance (especially large cap companies) and increase volatility as the uncertainty behind a 50-basis point rate hike persists.
- Equity market volatility will remain, though low overall stock market correlations could bode well for stock pickers and small cap value investors. Collectively, equity markets remain exposed to the looming hawkish Fed and monetary tightening.
- Investors should remain nimble during the current market environment while increasing exposures to assets that can hedge inflation and provide relative value. Industrial metal commodities (aluminum, copper, graphite, nickel, cobalt, etc.) as well as soft commodities (agricultural products) can provide adequate hedging to market volatility while capitalizing on supply chain constraints and unprecedented weather patterns in high concern regions (i.e., Brazil).

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